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LOCAL GOVERNMENT
AND
TAXATION
AND
MR. GOSCHEN'S REPORT.

R. DUDLEY BAXTER.

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LOCAL GOVERNMENT

AND

TAXATION,

AND

MR. GOSCHEN'S REPORT.

BY

R. DUDLEY BAXTER, M.A.

“The Poor Rate is worse than the Income Tax; for the Poor Rate is a growing tax—increasing every year, secretly and silently; while an Income Tax can only be increased by the consent of the Legislature openly and publicly obtained.”—LORD MELBOURNE, *July 21, 1834.*

LONDON :

R. J. BUSH, 32, CHARING CROSS,

1874.

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PREFACE.

THE following pages contain the substance of a Speech on Local Government and Taxation delivered at the Social Science Congress at Norwich, in September last; and four Letters respecting Mr. Goschen's Report on the Increase of Local Taxation, which were published between September and January in several of the leading London daily papers. Although the greatest publicity was given to these letters by their appearing in so many newspapers, no reply was made by Mr. Goschen or his friends. It may, therefore, be fairly assumed that the facts and figures which they contained were in the main unassailable. A fifth letter is added on the theory of Hereditary Burdens.

In speaking at the Congress I had the advantage of referring to a Diagram of the progress of the Rates during the last 120 years, a copy of which will be found opposite the title page, and of which the following explanations may be useful:—

The annual amounts shown by the different lines on the Diagram are—

1. The total Rates.
2. The Poor Rate.
3. The portion of Poor Rate expended in Poor Relief.
4. The nominal Rateable Value on a scale of one-tenth.

The *figures* given at various points of these lines are from the Official Returns, omitting five ciphers, so that 4,1 represents £4,100,000.

The *solid lines* show that amounts are given almost continuously in the Returns. The *dotted lines* show the probable yearly amounts between occasional Returns. It will be observed that the solid lines begin from 1813 for the Poor Rate and Poor Relief; from 1841 for the Rateable Value; and from 1853 for the total Rates.

The Rateable Value line, being on a scale of one-tenth, is useful as being also the line of a Rate of 2s in the pound. It is proved in Letter II. that, up to 1864, Rateable Value was considerably below the real value of the property assessed, so that up to that year this line is lower on the Diagram than the real Rateable Value.

The points that are shown with especial clearness by the Diagram are—

1. The great rise of the Rates above 2s. in the pound of nominal Rateable Value during the Outdoor Relief Period from 1782 to 1834.

2. Their sudden fall from 1834 to 1837 and the fluctuations of the Poor Rate since that time.

3. The rapid rise of Rateable Value since 1862.

4. The gigantic increase of the total Rates since the new Local Government Acts began to come into operation about 1852.

It demonstrates in a remarkable manner the growth of our Local Taxation.

Hampstead, February 23, 1874.

LOCAL GOVERNMENT

AND

TAXATION.

WE are met to consider the present system of Local Government and Taxation in England and Wales. It is in a most unsatisfactory condition. It has been officially described by the Minister in whose charge it was placed as “a chaos as regards Authorities, a chaos as regards Rates, and a worse chaos than all as regards Areas.” Such a description is the best proof of the necessity for an immediate reform. But public opinion goes further than the Minister, and complains not only of the chaos, but of the burden, and uses language with which Mr. Goschen seems disinclined to agree, resembling the wording of a celebrated motion of a hundred years ago, “that the Rates have increased, are increasing, and ought to be diminished.” To understand the chaos and increase of burden, we must go back into the history of our local institutions, and examine the manner in which they grew into their present anomalous shape.

Earliest poor relief.

From the sixteenth century to a very recent period the principal unit of Local Government and Taxation was the parish or township. The vestry was its Parliament, and the overseers and churchwardens its temporal and ecclesiastical officers. The distressed poor were originally maintained by ecclesiastical revenues and by voluntary contributions collected and administered by the Church, and by permission to beg within their own parishes. After the suppression of the religious houses, an Act was passed in 1536 introducing a system of compulsory charity, to be collected by the churchwardens. . But as this proved inadequate to cope with the terrible evil of mendicancy, the Poor Law Act of Elizabeth was passed in 1601, ordering rates to be made in every parish for the support of the poor. The relief was moderate in amount, and in case of able-bodied men was only granted in return for work, and not as a supplement for wages. It was distributed by the overseers under the superintendence of the justices. The total amount was comparatively small, being returned in A.D. 1700 at £700,000, and in 1750 at a very similar figure.

Poor law of 1601.

Outdoor relief period, 1782 to 1834.

With the end of the American war in 1782 came a disastrous change of system. The war led to a rise of prices, and the rise of prices to a necessity for a rise in wages. But instead of

leaving things to take their natural course, the Government and the country concurred in a very mistaken policy, that of supplementing wages out of Rates. An Act called "Gilbert's Act" was passed in 1782, authorising the adoption of outdoor relief, which was extended by later Acts in 1795 and 1815. In consequence of this system and the immense rise during the American and French wars in the prices of corn and all the necessaries of life—corn going to 70s., 80s., 90s., and even 112s. a quarter—the Poor Rate increased, quite out of proportion to the increase of population, from £700,000 in 1750 to £2,000,000 in 1785; then to £4,000,000 in 1803, to £8,500,000 in 1814, and even to £9,300,000 in 1818, or more than fourfold in thirty-three years.

With the decline of prices after the peace, the Poor Rate decreased till it reached £6,800,000 in 1824. But then the pernicious effects of the system became apparent in a wide-spread pauperization of the labouring classes and the steady increase of the Rates. The disease grew like a canker. Measured by the price of corn and the numbers of the population, the Rates became far heavier than they had been during the worst periods of the war. The practice of supplementing wages became universal. Independent labourers could not get work till the paupers were provided for. Instances

are given in official reports of labouring men who had acquired property being unable to obtain employment till they had exhausted their means and came upon the parish. One parish went out of cultivation through the pressure of its burdens. The Poor Rates, in numbers of southern parishes, amounted to 30s. per head (more than four times their present average), and in whole counties averaged 15s. to 17s. per head of the population. Habits of thrift and industry, and all feelings of independence were destroyed in the labourers. The bastardy laws rendered a family of illegitimate children a valuable source of income from the Poor Rates. Boys and girls married and went straight into the poor-house. The paupers were maintained in greater luxury than the poorer ratepayers. There was no proper supervision of accounts, and overseers made fortunes out of the distribution of relief and from the supply of food and clothing to the paupers. As a natural consequence, the ratepayers were weighed down with the burden, and the nation seemed approaching a period of social disorganization and ruin.

Extracts from
reports.

I extract a few instances from Reports to the Poor Law Commissioners. A report in 1835 stated—

Report, 1835,
p. 169.

“ In Wiltshire the average cost per head is 16s. 7d., and

peculation and bad management show themselves ; whilst in Suffolk, where the Poor Rates are enormously heavy (in some parishes 40s. per head, and in whole districts averaging near 30s. per head on the population), every species of trickery is developed. In some of the hundreds the entire Poor Law management is based in fraud, and supported by perjury and deception.”

From Oxfordshire it was reported—

“In the parish of Ramsden the Poor Rate exceeded 25s. P. 182. per cultivated acre ; at Aston and Cote it was 24s. per acre. The parish of Northmoor had 360 inhabitants ; the average expenditure was nearly £1,200 per annum. In the parish of Sydenham Poor Rates absorbed £427 out of a rental of £645 of one property. The farmers said, ‘ We cannot afford to employ labourers ; all our means are eaten up and absorbed by Poor Rate.’”

From Bedfordshire the return was—

“Pauperism had nearly crushed the tenantry and swamped the landlord ; to such a state of things was this neighbourhood fast hastening.” Report, 1836, p. 292.

In Westmoreland and Cumberland, two of the northern and less-pauperized counties—

“Rents have been universally allowed, and the policy of payment of them pertinaciously upheld, and relief is conceded almost without inquiry.” Report, 1837, p. 31.

In North Wales the payment of rents out of rates was nearly universal. In many parishes it extended to nearly all the married labourers.

In the report from Kent it was stated—

“In the district of Herne Bay the abuses of the old Poor Report, 1838, p. 216.

Law had arrived at such a pitch, that it was threatened with immediate ruin. One farm of 1,000 acres would have been thrown out of cultivation in another year; the neighbouring farmers were in an equally bad state; and in fact all rent, employment and wages were on the point of annihilation, when the new Poor Law passed just in time to avert the consummation of the evil."

Report, 1843.

Mr. Twisleton's Report gives this general character of the system:—

"Subsequently to 1795, the English Poor Law respecting able-bodied persons appears to have included all the main defects which it is desirable to avoid in a Poor Law for that class. There was a vicious organization of the body, which was to distribute relief; the relief was distributed on a vicious principle; and the organization of the power of control was likewise vicious. It required, perhaps, the combination of all these defects to produce the mass of abuses which afterwards came into existence."

Lord
Brougham.

Hansard, 3rd
series, vol. 25,
p. 213.

Stronger than all was the speech of Lord-Chancellor Brougham, introducing the Poor Law Amendment Bill on behalf of the Whig Ministry, into the House of Lords.

"Evils the extent of which no tongue can adequately describe; evils which bad laws, worse executed—which the lawgiver, outstripped in his pernicious course by the administrators—have entailed upon the country, which bid fair to leave nothing of the property of the country that can be held safe, . . . and which has brought about a state of things in which we behold industry stripped of its rights, and the sons of idleness, vice, and profligacy usurping its lawful place—property and industry no longer safe—and the destruction of all property as the issue of the system that stares us, and at no great distance, in the face."

Lord Althorp was not less emphatic as Ministerial leader of the House of Commons. Such was the Poor Law from 1782 and 1796 to 1834, and the excessive and abnormal expenditure and demoralisation that it produced. The Poor Law Commissioners recommended, and Parliament passed the New Poor Law Act in 1834, which abolished out-door relief to the able-bodied, insisted on the workhouse test, and introduced a thorough system of supervision and accounts. The Reform was so successful, that in three years the Poor Rate dropped from £8,300,000 in 1834, to £5,300,000 in 1837, or a saving of 36 per cent. The following list shows some of the county reductions.

Poor Rate per head of Population.

			1834.		1837.	
			<i>s.</i>	<i>d.</i>	<i>s.</i>	<i>d.</i>
Sussex	..	..	18	1	to	8 7
Bedford	..	..	16	4	„	8 0
Bucks	..	..	16	11	„	8 8
Northampton	..	..	15	8	„	8 3
Suffolk	..	..	16	7	„	9 3

Purdy on English Poor Rate, p. 307.

The average result for England and Wales was a decline from 9s. 1d. to 5s. 10d. per head. So enormous a reduction showed clearly that the previous scale of expenditure had been a monstrous oppression on the Ratepayer.

Rise in Poor
Rate.

Since 1837 the Poor Rates have gradually risen from £5,300,000 to £6,000,000 in 1840; to £7,000,000 in 1843; to £8,000,000 in 1856; to £9,000,000 in 1863; to £10,000,000 in 1868; and to £11,500,000 in 1872, exclusive of Highway payments.

Diagram.

The diagram prefixed to these pages shows the variations that I have been describing; the low level of Poor Rates in 1750; the rapid rise from 1782 to an extravagant height in 1813, and again in 1817-18; the fall and then the subsequent rise to 1827 and 1834; the sudden drop from 1864 to 1837, and the subsequent gradual upward movement to the present time.

The line of rateable value, which is on a scale corresponding to a rate at 2s. in the pound, shows how immensely the actual rates rose above that level from 1782 to 1834.

The four
periods.

If you will now look back on that diagram over the century and a half that we have traversed, you will see that it is divided into four distinct periods:—

1. The *Old Poor Law Period*, from the reign of Elizabeth to 1782, when relief was only given to the impotent, and the rates were comparatively small.
2. The *Out-door Relief Period*, from 1782 to 1834, when the system of out-door relief

- of the able-bodied and supplementing wages, together with other great abuses, raised the rates to an extravagant height.
3. The *New Local Government Period*, from 1834 to 1862, when the work-house test was insisted on and out-door relief almost abolished, by which the rates were reduced 40 per cent.
 4. The *Assessment Reform Period* from 1862, in which the reform of rating began, and inequalities of rates and under assessments were corrected.

II.

Hitherto I have principally described the rise and fall of the Poor Rates; but the two later periods were also remarkable for a great revolution in Local Government. With the Reform Bill of 1832 the old order of things came to an end, and a totally new *regime* began. The old paternal Government of Squire and Overseer, administering the distribution of relief on benevolent but mistaken principles of political economy, without any of the modern means of health and locomotion and police, was terminated. In its place sprang up an active system of Local Self-Government by representative institutions, applying all the new ideas of relief of the poor and the necessity of improved

Revolution in
local govern-
ment.

roads and drainage and lighting and police, and of education and sanitary reform. But according to the usual habit of the Anglo-Saxon mind, each of these objects was pursued independently, by the creation of a new jurisdiction and governing body, regardless of all existing institutions. The spirit of generalization and consolidation, so remarkable in some of the Latin races, seems very deficient in the English race. Foreign states adopt new constitutions and forms of government one after another, but one at a time; in England we establish new Local Governments four or five simultaneously. Let me point out what these district Governments were.

Petty
sessional divi-
sions.

1. The old *Petty Sessional Division* still survived, but only for judicial purposes.

Poor Law
unions.

2. The *New Poor Law* of 1834 dealt with the poor, dividing the country into Unions of parishes, with Boards of Guardians elected by the rate-payers upon a scale of multiple voting, with one vote for every £50 rating up to six votes.

Local
improvement
districts.

3. *Local Improvements* in lighting, watching, drainage, &c., were dealt with by a series of Acts, authorizing the formation of towns and villages into districts.

First came the Lighting and Watching Act of 1835, under which many districts were formed.

Second. A number of independent Town Improvement Acts.

Third. The Public Health Act of 1848, under which several districts were organized with larger powers.

Fourth. The Local Government Act of 1858; with still ampler powers, under which a great number of districts are existing.

The two latter Acts provided constituencies of Ratepayers, with multiple votes, something like those of the Poor Law, but in each case with differences, which would prevent amalgamation.

4. The *Highways* were dealt with in 1862 and 1864, by Acts giving permissive power to the Quarter Sessions to adopt their provisions and create districts with Highway Boards. The districts would not necessarily or usually coincide with any existing territorial division, and their governing bodies and constituencies differed from all those already in existence for other purposes. This Act has been adopted over about half England, leaving the highways of the other half subject to Petty Sessional management. South Wales possesses a Highway system and a Highway Act of its own.

Highway districts.

5. *Education* has been dealt with by the Education Act authorising the formation of School

Education boards.

Boards in towns and districts. This again has been adopted by a certain number of isolated districts. I pass over Burial Board districts as almost too small for notice.

Sanitary districts.

6. *Sanitary Improvement* was the last dealt with by an Act of 1872, which introduces sanitary districts nearly but not necessarily coincident with unions.

Commissions of Sewers.

7. *Commissions of Sewers* still exist in some low-lying districts, governed by Commissioners appointed by the Crown.

Summary of simultaneous jurisdictions.

Thus there are commonly the following simultaneous districts and jurisdictions :—

1. Petty Sessional Divisions.
2. Poor Law Unions.
3. Boroughs or Local Government Districts.
4. Highway Boards.

Besides, in many cases,

5. School Boards and Districts.
6. Sanitary Districts.
7. Commissions of Sewers.

Nor is the evil confined to multiplication of territorial districts. Each of these districts (as a general rule) carries with it

A separate governing body.

A separate constituency with different qualifications.

Separate officers.

A separate assessment of property.

Separate rates.

Separate areas.

There is a wonderful conflict of areas. For Areas. instance, there is the Union area. But the Union does not usually coincide either with the County or the Boroughs. Out of 650 unions 200 are within more than one county, and scarcely any coincide with a borough. The Petty Sessional Division is distinct from the Union, and the Highway district is different from either. Even the Sanitary area, the latest product of legislative wisdom, does not exactly correspond with any other area; so that we have all the areas overlapping and interlacing each other in every possible manner.

But simultaneously with the creation of the Assessment reform period. later local jurisdictions came the movement of consolidation and equalisation in the *Assessment Reform Period*, which dates from 1862. Previous to that year the standard of Rateable Value had been very much below the real net value of property, and most unequal in different localities. It varied from 10 and 15 per cent. to 30 and even 50 and 70 per cent. under the real value, so that the nominal rateable value afforded no measure of the property of the country. In some places the assessment had not been altered since the beginning of the century. The Union Assessment Act

was passed in 1862 to remedy these evils. The result was that in three years, from 1863 to 1866, the total Rateable Value of England and Wales went up from £76,000,000 to £90,000,000, and has continued ever since to increase much more rapidly than before the Act. It is important to bear in mind this rise in the standard of value when comparing the Rateable Value in any of the later with the earlier years. Part of the large increase is apparent and not real, and must be allowed for in order to arrive at a just conclusion about the comparative increase of Rates and Property.

Real increase
of rates.

In the meantime we have the fact that the Rates as well as the Rateable Value have increased enormously since 1837. The Poor Rate alone increased from £5,300,000 in 1837 to £10,400,000 in 1868, besides new Rates in the towns amounting to more than £5,000,000, which, with some other rural Rates, brought up the total of that year to £16,223,000. The Rateable Value had increased from £62,500,000 in 1841 (an amount which was very much below the real value) to £100,000,000 in 1868. Thus while the total Rateable Value had apparently increased more than 40 per cent., the total Rates had more than doubled. Such an increase naturally caused great discontent among ratepayers, and led to an agitation for Local Taxation Reform.

III.

As a preparation for legislation, Mr. Goschen ^{Mr. Goschen's report.} published in 1870 his Report on the Increase of Local Taxation. It contains in its appendixes a great mass of statistics respecting English and Continental Taxation, both Imperial and Local, which will long be valuable for reference. Its opening pages present very able analysis and summary of the different heads of urban and rural, and new and old rates, composing in 1868 a total of sixteen millions sterling of the Local Rates of England and Wales. But when Mr. Goschen comes to compare these Rates with the Rates of former periods and with Foreign Taxation, he falls into an extraordinary series of fallacies which lead him into very erroneous conclusions.

His first enquiry is whether the burden of Rates has increased in a greater degree than the value of property. But he makes the mistake of selecting as the period of comparison the period of extravagant and abnormal expenditure of the old Poor Law from 1803 to 1834, instead of the fair and normal period of the first reformed Rates from 1837 to 1841. He says:—
“ You landowners and householders have no right

Mistake as period of comparison of old and present rates.

See Letter I., pp. 35-38, and II., pp. 45-48.

to complain of the rates in 1870, because your fathers, in the great French war and the days of indiscriminate out-door relief, paid heavier rates in the pound than you do now." But the argument is absurd. If a parish paid 30s. per head poor relief in 1834, through a system of wastefulness and malversation, instead of the present average of 7s. per head, is that any reason for saying to one of its ratepayers, "You have no right to complain of the poor rate until it exceeds 30s. per head?" By this mistake about the period of comparison Mr. Goschen comes to a mistaken conclusion, viz., that the present burdens on land are not heavier than its old legitimate burdens.

The rates have increased since 1837-41.

See Letter II., pp. 49, 50, and 53-56.

But when the progress of rates is carefully looked into, the figures come out clear, that both for land and houses the burdens of rates have increased materially, both in total amount and in the rates in the pound since the normal period of fair comparison, viz., the first years after the reform of 1834.

Mistake in overlooking rise in standard of Rateable Value.

See Letter II., pp. 50-54.

Mr. Goschen has made another mistake in overlooking altogether the rise in the standard of Rateable Value since the Union Assessment Act of 1862. He argues that when the rates are no more in the pound in 1868 than they were in 1825 or 1838, there has been no increase in the real burden. But he forgets that the screwing up of the assess-

ment has made a great increase of the burden with the same nominal rate, and so increases the nominal increase of burden spoken of in the last paragraph.

In marshalling the figures, and drawing conclusions about the total Imperial and Local Taxation of England and Wales, Mr. Goschen falls into equally important errors. In one set of tables he includes railways, canals, and similar property under the head of Real Property, and computes its Local Taxes. In another set of tables he excludes railways, canals, and similar property, from the head of Real Property, and computes its Imperial Taxes. Then he joins both tables together, and obtains a total of Imperial and Local Taxes, which is not the total for either definition of Real Property. Such faulty statistics are useless for any accurate comparisons.

After these errors of commission, comes a serious error of omission. Having told us what is the total taxation on Real Property, he ought to have gone on and told us what is the taxation on Personal Property and incomes, for comparisons with that on Real Property. But here he follows the well-known example of witnesses who give unwilling testimony. They commonly use, in different forms, one formula—that of *non mi recordo*. Mr. Goschen's form is, "*I cannot calculate.*"

Errors about total taxation.

See Letter III., pp. 60-62.

Failure to compare taxations of Real and Personal Property.

See Letter III., pp. 65, 66.

When we come to an account likely to work out to the advantage of the ratepayers, we find that he says, "I cannot calculate it," and gets out of the difficulty by leaving it out altogether. But it is not at all impracticable to make the calculation, and when made, the result comes out, that while Real Property pays Local and Imperial Taxes amounting to 12 per cent. on its income, Personal Property pays only Imperial Taxes amounting to 5 per cent. on its income, and Personal or Industrial incomes (paying Income Tax) pay only 3 per cent. in addition to the general taxes on expenditure, which are common to every kind of income. So that Real Property, including railways, canals, &c., pays a much heavier taxation than Personalty and Personal Incomes.

Their comparative taxation.

Letter IV., pp. 77 to 85.

Comparison with Foreign taxation.

See Letter III., pp. 66-72.

Instead of such an investigation, Mr. Goschen goes into an elaborate comparison of the Rates and Taxes on Real Property in foreign countries with those on Real Property in England and Wales. He comes to the conclusion that Real Property in England and Wales is not so heavily taxed as in foreign countries; but he arrives at the result in a very erroneous way. He says English Real Property pays 30 per cent. of English total taxation, while Belgian Real Property pays 32 per cent. and French Real Property nearly 29 per cent. of their total taxation, and therefore that English Real

Property is less heavily taxed than Belgian, and very little more heavily taxed than France. But this is all wrong, and false in logic, because Mr. Goschen does not inform us what proportion Real Property forms of the total property in each of these countries. If English Real Property is a much smaller proportion of the total English property than French Real Property of total French property (as is really the case), equally burdened English Real Property must of course pay a smaller proportion of total Taxation; and conversely English Real Property that pays an equal proportion of total taxation must be more heavily burdened than French Real Property. So that Mr. Goschen's figures prove the exact converse of his conclusion.

These are the principal conclusions of Mr. Result. Goschen's Report, and their erroneousess makes the whole report wrong and misleading for legislative purposes. I am astonished that so eminent a statesman and financier as Mr. Goschen should have fallen into such a series of errors. The real facts are the reverse of what he has argued. Rates have materially increased, even on land, since the reform of the Poor Law; the Taxation of Real Property is much heavier than the taxation of Personalty and Personal Incomes, and is heavier than in foreign countries. There is every reason

to justify the popular discontent at the increased burden of rates, and to inquire whether any relief is possible.

IV.

Remedies.

What are the remedies for this unsatisfactory state of things?

Comparison of
continental
systems.
France.

We shall see the true position of our Local Government more clearly by comparing it with the systems of other nations. The local divisions of the chief Continental countries are on a regular and symmetrical plan. In France, which may be taken as the type, the Department is divided into arrondissements, the arrondissement into cantons, and the cantons into communes. The canton is only a judicial division; but the Department has its Parliament, the Conseil-General, presided over by the Préfet; the arrondissement has its Conseil d'Arrondissement, presided over by the Sous Préfet; and the commune its Conseil Municipal, presided over by the Mayor. The Department, which corresponds to our county or division of a county, and the Commune, which corresponds to our parish or township, are the principal units of Local Government. France suffers by so much being done through these Municipal Councils, which are necessarily composed of an inferior class of men. But there is no clashing of areas or taxa-

tion. Each forms part of a harmonious whole. The Departmental Council fixes the Departmental Taxes, which are divided between the Arrondissements, and by them subdivided among the Communes. The Arrondissement settles any district taxation and partitions it between the Communes. The Commune votes its own taxes for municipal objects, and collects them with the communal share of the departmental and arrondissement taxation.

In England the old Anglo-Saxon Local Government had a similar triple character. The County had its parliament—the Shire Meeting or County Court, presided over by the Sheriff. The county was divided into Hundreds or Wapentakes, which had their monthly hundred meetings. The Hundreds were divided into Townships or Parishes, with their town meetings or vestries. But these old courts decreased in power, and the hundred meeting fell altogether into disuse. The place of the County Court was gradually taken by the magistrates at Quarter Sessions, who, in the sixteenth century were, by successive enactments, invested with the power of levying rates for bridges and sewers, and in later years received authority to impose portions of the present county rate, and to exercise important judicial functions. The Poor Rate grew up after 1601 and was imposed by the

Old English
local govern-
ment.

Changes.

officers of the Parishes, with a certain amount of magisterial supervision. Thus the Quarter Sessions and the Parish became the only units of Local Government. The district area and authority dropped out of use, until partially re-introduced by the institution of unions of parishes in some localities in 1723 and 1782.

development
district
stem after
34.

But with the reform of Local Government in and after 1834 came a great development of the District system. It was found to work much better than the parochial system, in consequence of its greater consolidation and the better class of men available for its management. Poor Law Unions, Petty Sessional Divisions, Local Government Districts, Highway Districts, Police Districts, Education Districts, and Sanitary Districts were instituted one after another, causing a needless extension of the district principle by the multiplication of district areas and authorities and taxes. This is the evil under which English Local Government labours.

remedy by
strict con-
solidation.

The remedy is clear, if vested interests do not render it impracticable, viz., to consolidate all these different kinds of districts into one kind of district, which should be a subdivision of the county, and itself be subdivided into parishes and townships. Local Government would then be reduced into its old triple and harmonious gradation of County, Dis-

trict, and Parish areas and authorities, which the experience of olden time in our own country, and of the present time in Continental countries, shows to be the most symmetrical and practical system of management of local affairs.

The consolidated District should be the chief District boards. unit of Local Government, and the District Board should be the managing and taxing body in nearly all local matters. It would attract a superior class of representatives, and administer affairs in a much more enlightened and economical manner than the present multitude of district authorities.

But if vested interests, and the difficulty of alter- If consolidation impossible, parish must be the unit. ing established boundaries, and changing the rates, prevent such a consolidation, we shall be obliged to keep up the old conflicting and multiple Districts and authorities, and to adopt Mr. Goschen's plan of making the Parish the unit of local government, as the commune is in France, creating a Parochial Board in each parish, and entrusting it with the duty of making a consolidated Rate for the amounts asked by requisition from the county and the various district authorities. But such a system would be a perpetuation of that want of simplicity and unity of Local Government in England, which provokes the derision of Continental observers; and it would have the great disadvantage of frittering away the energies of those

who are able to attend to local business, by the multiplication of governing bodies ; and of dividing Local Government among a multitude of insignificant men, instead of consolidating it in the hands of the most capable. The country gentlemen of England cannot surely be willing to weaken themselves by its adoption.

Establish
three govern-
ing bodies.

We ought to establish for each county or county division three units of authority:

1. A County Board, composed of Magistrates and elected Representatives, to control all purely county matters, and with a certain power of laying taxes for county and in aid of district purposes ; but levying them through the District Boards.

2. District Boards, for the consolidated districts (outside of boroughs) into which the county should be divided ; the members of which should be elected half by the owners and half by the occupiers, each voting on their column of the Rate Book with multiple votes up to six, as is now the custom in almost all elections for Unions and Districts ; these Boards to make a Consolidated Rate for all county and district objects.

3. Vestries to continue for parishes, and for purely local matters and expenditure.

Thus we should have a uniform and logical system, with one set of constituencies, and governing bodies, and officials, and assessment roll and

rates, and prevent a great waste of time, and money, and efficiency.

V.

As regards Local Taxation, the figures prove Local taxation. that since the reform that was completed in 1837 it has gradually but steadily increased, not only in total amount, but also in the average rate in the pound, both on land and houses. What would be said if this were the case with any other kind of income? Suppose that in a similar period of prosperity and general lightening of burdens, it were found that trade incomes under Schedule D were gradually encroached upon by taxes which little by little increased, not only in aggregate amount, but also in their percentage upon each £100 of income; suppose also that there was a school of political economists ever watchful to claim this advanced percentage as a permanent burden; would there not be a great outcry against the injustice of the continued increase, and a clamour for relief? But the injustice is the same when the increase is on Real Property.

The cause of the increase is simple. The Cause of increase. advance of civilization is constantly urging new improvements for the welfare and health of the population—police, drainage, better roads, educa-

tion, and the like. We provide them all at the sole expense of Real Property, by levying fresh Rates. One sort of property has to pay for the improvement of every sort of property and the increased comfort of the whole nation. Such a mode of taxation is illogical as well as unjust.

Some im-
provements
not affecting
Real Pro-
perty.

Some of the improvements scarcely affect Real Property at all. Police is much more for the defence of persons and Personal Property than of Real Property. Gaols are the same. Education is a great advantage to persons and trade, but benefits Land and Houses in a very inferior degree. Lunatics have no connection with Real Property. These and similar charges are wrongfully placed upon Real Property, and ought to be shifted to Imperial Taxation. They are at present almost entirely under Imperial and not Local control, and ought to be paid for by the controlling authority. The House of Commons, by a great majority, in 1872, resolved—

“That no legislation with reference to Local Taxation will be satisfactory which does not provide, either in whole or in part, for the relief of Occupiers and Owners in Counties and Boroughs from charges imposed on Ratepayers for the administration of Justice, Police, and Lunatics, the expenditure for such purposes being almost entirely independent of local control.”

The justice of such a relief is incontestable.

Another class of charges are for local burdens that benefit Real Property, but also benefit other property and persons. Why should Real Property bear most of the expenditure? Such is the maintenance of highways, which are in great part for conveyance of personal property, and for personal business, rather than of Real Property requirements. Such are sanitary improvements, which benefit persons far more than Lands and Buildings. Such also is the relief of the poor, which was an ancient obligation upon all kinds of property, for the prevention of offences against property generally. For all these burdens Real Property is entitled to ask contribution from Personal Property. It is already given to a small extent by the share of Rates that falls on occupiers. But as this share is only in proportion to rent, which is seldom more than one-tenth of a man's income, it is evident that the contribution so given is very much smaller in proportion to income than the contribution of the Real Property itself. Contribution is made by special taxes on personalty in foreign countries, such as France, Belgium, and Holland. It may be made in England by the method proposed by Mr. Goschen, of transferring to the local authorities part of the Assessed taxes and House duty.

Other charges benefiting all kinds of property.

Another circumstance must, however, also be Difficulty in

altering long-
established
burdens.

taken into account—the long time that we have been accustomed to lay these burdens upon Real Property. We cannot change a system and suddenly shift a large amount of taxation, that has been gradually imposed during a long series of years, without occasioning a disturbance of the relations between the two sorts of property, and exciting discontent. Nothing is so difficult to transfer as a burden that has become habitual. But a considerable portion of the Rates complained of are for new purposes, and of recent imposition, and ought to be prevented from becoming habitual. The amount of relief, and the means by which it can be given, will require the most careful adjustment to avoid any imputation of hardship.

Importance of
the relief.

But the relief itself, if properly carried out, will be felt as a great boon by all classes of the community. Rates reach everybody, and everyone is interested in their diminution. Their double incidence, first on the Occupier and then on the Owner, or first on the Owner and then on the Occupier, makes them doubly oppressive. Their inequality aggravates the hardship. They are often highest in the poorest localities, and lowest in the richest. They fall heaviest upon the deserving poor who are struggling to keep above pauperism. They press with great severity on working men who own and occupy their own

land or houses. Their reduction would be a more universal benefit than the reduction or even abolition of the Income Tax. Their reform would be as great an achievement for the Statesman and the Party that carried it, as some of the greatest reforms of Imperial Taxation.

The measures now suggested would simplify Conclusion. and reorganize our Local Government and Taxation upon the lines of our ancient local institutions.

They would reconstitute Local Government with its old divisions of County, District, and Parish; by the establishment of County Boards combining the Magistrates and representatives of the Ratepayers, and by District Boards consolidating the present multifarious and conflicting District areas, Boards, and Rates.

They would readjust Local Taxation by transferring to the Imperial Exchequer the burdens which are most clearly of Imperial obligation and under Imperial control; and by contributing to local purposes, on behalf of Personal property and income, from some of the most localised personal Taxes.

Thus we might convert the present chaos of Local Authorities, and Areas, and Rates, into a logical and well ordered system, and lighten the burdens that now weigh so heavily upon the Ratepayers of England.

LETTERS
ON
MR. GOSCHEN'S REPORT.

LETTER I.

TWO FALLACIES OF MR. GOSCHEN.

IT is announced that the Government intend to bring forward a great measure for the Reform of Local Taxation; and that the next Session of Parliament will be much occupied with its details.

It becomes very important that the Report of Mr. Goschen, the official repertory of the statistics of the question, and the official summary of the conclusions of the Poor Law Board and the Government, should receive a careful and searching examination before they are adopted as a basis for legislation. Are those conclusions well-grounded and sound? Or are they erroneous and fallacious?

I. At the Social Science Congress, I challenged as unsound and fallacious a very large and important portion of Mr. Goschen's argument, in which through half his Report, and with the assistance of a hundred statistical tables, he sets up the rates of the old Poor Law period, from 1803 to

Report,
Commons,
No. 470, 1870.

Fallacy of
comparing
old Poor Law
rates with
present rates.

1834—extravagantly high through war prices and ruinous outdoor relief—as the proper measure of the “hereditary burden” of the landowners, and in which he selects the years 1814-15 and 1826-33—the very culminations of war prices and of wastefulness and demoralization—as the years *par excellence* of fair comparison with our present burdens; never even mentioning the fact that the Poor Law reform of 1834 cut off at once £3,000,000 of that worse than useless expenditure. Although nearly two months have passed, neither Mr. Goschen nor his friends in any part of the Press have attempted to reply to this challenge, or have supported in any way the groundwork and foundation of their arguments and conclusions.

• Everyone acquainted with the history of the English Poor Law knows that the poor rates of the early portion of the present century were abnormal and excessive; during the years of the French war, by the high prices of provisions and the introduction of outdoor relief, which increased the rates from £2,000,000 in 1785 to £9,000,000 in 1818; and afterwards by the wholesale pauperization of the labouring classes through the spread of the system of supplementary wages, which, in years of reduced prices, again raised the poor rates towards 1834 to a level with the enormous war poor rates.

The year 1833 was one of the highest rated and most expensive of the whole of that abnormal series. Its misdeeds and wastefulness and ruinous effects are fully described in the celebrated Report in 1834 of the Poor Law Commissioners of Inquiry, which led to the immediate enactment of the new Poor Law.

Read their evidence of the state of things in 1833, describing the wholesale outdoor relief without labour tests of able-bodied paupers; the universal and pernicious system of allowances in supplement of wages, the luxury in which paupers were maintained in idleness in the poor-houses; the abuses of the Bastardy Laws; the absence of any proper system of accounts, and the plunder of the rates by overseers; and judge whether 1833 or 1826, or any other year of that system, is a fair year from which to deduce any conclusions about the burden of rates.

Let Mr. Goschen look at the speech of Lord Althorp, the Whig leader of the House of Commons, introducing the new Poor Law Bill, when he stated that "the effects of the Poor Laws were injurious to the landed proprietors, injurious to the farmers, and, above all, injurious to the labouring population," and that "the present administration of the Poor Laws tends directly to the destruction of all property in the country."

Even a greater proof of the unfitness of 1833 and 1826 as years of comparison is found in the sudden collapse of their vast expenditure under the application of the new Poor Law. The *Edinburgh Review* of July, 1836, among many other details, gives the reduction in the county of Surrey of the number of able-bodied paupers from 6160 to 124, and of its expenditure by 45 per cent. And the table in Mr. Goschen's own report shows the still more gigantic result that the £8,606,000 poor rates of 1833 had shrunk to £5,186,000 in 1838—a reduction of no less than £3,420,000, or 40 per cent.

No statistician writing a paper to show the fair average burden of poor rates would omit to point out the exceptional character of the rates of 1833 and 1826, or would venture to hold them up as a standard of comparison. And yet we find a Minister of the Crown writing for Parliament and the nation a Report of the most important character to guide and determine future legislation, which totally ignores this exceptional character, and adopts and parades these years of excessive expenditure as the standard and rule by which to measure our present burdens and to crush our present complaints. This great error pervades the half of Mr. Goschen's report. In half its pages and appendixes he is reiterating, in a hundred different sets of figures and tables, the comparison of

the poor rates of 1803 and 1817, and 1826 and 1833, with the poor rates of the present day, and proving them to be a "hereditary burden." This invalidates his most important conclusions. The true years of comparison are not 1803 to 1833, but 1837 to 1841; and the true figures of comparison are not contained in Mr. Goschen's sentence, "Between 1833 and 1868 the share of poor rates borne by land decreased from £5,435,000 to £3,945,000;" but in the sentence as it ought to have been written, "Between 1838 and 1868 the share borne by land increased from £2,700,000 to £3,945,000."

II. I now challenge a second important argument or theory of the Report, contained in pages 18 and 19 of the Blue Book, and section 8 of page 41, in which Mr. Goschen maintains that a portion of the rates on land have been transferred to other kinds of property, and that the hereditary land burden has been proportionately lightened. This theory has gained a greater prominence by having been adopted and developed by able Liberal journals, and especially by the *Economist*, in an elaborate article in April last, and by the *Pall Mall Gazette* in a statistical summary on November 8. But, with all respect for these eminent authorities, I venture to assert that the theory is a delusion, and that there has been no such transfer of bur-

Fallacious theory of transfer of burdens from land.

dens from land to other property ; but that Mr. Goschen and the *Economist* and the *Pall Mall Gazette* are the victims of a statistical fallacy.

Even on their own showing their figures are inaccurate. As they are writing about contributions to Local Taxation, the proportions of the different sorts of property must be measured by rateable value (by which they are assessed) and not by Income Tax valuation, in which the mode of assessment on railways and other property is essentially different. But in their comparisons of land with houses and all other property, they have adopted the percentages of the income tax valuation, which represent the land as only 33 per cent. of the total assessment, instead of the percentages of the poor rate valuation, which show it to be for local taxation purposes nearly 38 per cent. of the total assessment. They are therefore clearly in error by nearly 5 per cent., and this error they have continued to the present time, notwithstanding the publication long since of the correct figures.

But where Mr. Goschen and his friends have made their enormous mistake is in their interpretation of the table of percentages of the various classes of property to the total value of real property. I give this table in the corrected form from the official figures of the poor rate valuation, pointing out also that it shows that land was the same

percentage (69 per cent.) in 1826 in the poor rate that it was in 1814, in the Income Tax Assessment :—

	1826.	1841.	1869-70.
Lands	69	52	37·8
Houses	26	37	52·7
Other property ..	5	11	9·5
Total ..	<u>100</u>	<u>100</u>	<u>100</u>

Seeing that the *proportion* which land bears to the total assessment has diminished from 69 per cent. in 1826 to nearly 38 per cent. in 1869, Mr. Goschen and his expounders have jumped to the conclusion that, making allowances only for the increase of total rates, the actual burden on land has diminished and been transferred to other property in the same proportion. Mr. Goschen states this in rather hazy, but, I think, unmistakable terms at page 19 of the Blue Book, and repeats in general terms the assertion of transfer at page 41. The *Economist* is much more decided, stating that the *relief* of real property is shown by the table of percentages (corresponding to the corrected table above given), “so that land which was rated to bear more than *two-thirds* of the local burdens now is rated for *one-third*.” The *Pall Mall Gazette* goes into still greater detail, assuring us that “there is a constant tendency in the land to support a

diminishing burden ; that between 1815 and 1845 the relative *pressure was eased* to the extent of 20 per cent., in 1863 the *reduction* was $10\frac{1}{2}$ per cent. more, and by 1871 a further *reduction* of 6 per cent. was secured to the land." And it seems to be growing into a settled article of the Liberal creed (one of the sticks with which they delight to beat the landowner) that there has been a considerable bodily transfer of rates from land to other and more popular property, to the unfair easement of land and the disadvantage of other sorts of property.

But the proposition is absurd. Lands are rated for the most part in rural Unions, quite separate from the rapidly growing aggregations of other property in the towns ; and from 1814 and 1826 down to the present time have borne their own rates and provided for their own paupers quite separate from the rates and paupers of the towns. No transfer of rates or burden has been possible between them. There has been a small relief of many parishes by railways running through them. But otherwise the rurals and the town aggregations have been shut up in separate cages, the bars of which have rendered transfer physically impossible, except only that in the neighbourhood of large towns a certain proportion of agricultural land is shut up in the same cage as the denser population,

and has the increased burden of paying for part of their paupers in addition to its own.

Mr. Goschen and his followers have overlooked the fact that the great additional assessment and additional poor rates of houses and other property, forming the 31 per cent. of the total assessment which that property has gained upon land, are a totally new assessment and burden, which never previously existed as an assessment, and never was charged as a burden upon land. It is calculated that since 1814 something like 1,500 millions sterling has been spent in this country on new houses, railways, manufactories, mines, and similar property. This investment gives house room and employment to a vast additional population, with its due proportion of paupers and poor rates. It adds to the total poor rate expenditure, but it also adds a proportionate amount of poor rates, quite independent of and with no sort of transfer from the rural districts and the land.

It is as if a new manufacturing county had been reclaimed from the sea in Morecambe Bay or the Wash and added to England and Wales, to be a home for millions of fresh inhabitants; or as if a new quarter had been added to London with a similar aggregate of new rateable property and population. In either case some older portion of England and Wales or London might, in conse-

quence of the addition of the new property, form 38 per cent. of the new total, instead of 69 per cent. of the old total, without a single penny being transferred from the rating of the old property to the rating of the new.

Just so it is with the Land assessment of England and Wales. From the immense creation of new buildings, railways, and mines, the Land forms a smaller proportion of the new total than it did of the old. But that is no proof of any transfer of burden. I can prove from Mr. Goschen's own figures that the land burden is not transferred, but increasing. But I am astonished that such a faulty argument should be used by logicians and disciples of John Stuart Mill, and that Mr. Goschen and eminent writers should gravely adduce the decrease of the proportion of the land assessment to the the total assessment, in a rapidly growing country, as a proof of the transfer from land of any portion of its old burden! It is the most charming *non sequitur*—the most delightful fallacy—that ever was broached in Blue Book by a President of the Poor Law Board.

Oct. 15 and Nov. 10, 1873.

LETTER II.

THE INCREASE OF RATES.

IN the portion of Mr. Goschen's Report called Historical—on the *lucus a non lucendo* principle, I suppose, since the history of the Rates is curiously excluded, and naked dates and figures are alone dealt with—Mr. Goschen inquires into the increase or decrease of Rates and Rateable Value and Rates in the pound, to ascertain the increase or decrease of the “hereditary burden.” I propose to point out the principal errors of his inquiry, and to state the calculations and conclusions that should be substituted.

I. First and foremost is Mr. Goschen's mistake about the proper period of inquiry, caused by his fallacious use of the theory of “hereditary burdens.” That theory is derived from Mr. Mill, and is in itself a questionable doctrine, not accepted unanimously by Political Economists. But it is necessarily grounded on the assumption that the prescriptive burdens, whose permanence it asserts, are in themselves fair and reasonable. Neither Mr. Mill nor any other good economist would

Fallacy as to hereditary burdens.

See Letter V., p. 87.

dream of using it to sanction the burden of the *corvée* or any other of the prescriptive injustices of pre-Revolutionary France; nor could they apply it to the burden of an extravagant and demoralising expenditure, like that in wholesale outdoor relief; or arising from abuses and dishonest expenditure, such as those of peculating overseers; or an extraordinary expenditure, like that of high prices during war. Common sense forbids such a straining of the principle. Every rule of statistical inquiry demands the exclusion of such exceptional periods. But Mr. Goschen has chosen by preference the exceptional old Poor Law period, and has strained the "hereditary burden" theory to cover everything. No matter how exceptionally high the war prices from 1803 to 1815; no matter how extravagant and demoralising the outdoor relief of able-bodied paupers in 1826; no matter how ruinous the abuses of 1833—Mr. Goschen elevates them all into "hereditary burdens," and sets them up as standards for universal comparison. Could there be a greater caricature of Mr. Mill's doctrine, or a more serious perversion of the principles of political economy?

The *Economist* pleads that a burden covering a complete generation cannot be passed over as exceptional, and that the landowners ought to be reminded of its former existence. But does any

length of time render unexceptionable a burden like the old Poor Law, arising from wastefulness and demoralisation, which is in its very nature detrimental to society? And Mr. Goschen does far more than “remind the landowners.” The years from 1803 to 1833 are the great argument of his Report, the sword that he continually brandishes before the eyes of the ratepayers. Here is his general summary of rates in the pound for poor relief only :—

				s.	d.
1803	..	..	..	3	4½
1813—15	..	..	..	2	4½
1827	..	..	..	2	5¾
1841	..	..	..	1	6¼
1856	..	..	..	1	8
1866	..	..	..	1	4½
1868	..	..	..	1	6

Not a word to point out that the first three rates were abnormal, through war and a mistaken system of relief, and that the last four are the normal and legitimate rates, the result of a reformed administration. All are treated and argued upon as equally legitimate and proper burdens. And they are followed by summaries in which the relative increases of property and rates are compared as between 1815 and 1826 and 1833 on the one hand, and 1868 on the other, to prove by aid of

the abnormal rates of the old Poor Law that the annual value of rateable property has increased far faster than its burdens ; and that, while the total rates have greatly increased, the share borne by land has materially diminished. So making it appear that rateable property and land have been lightened or relieved of a large portion of their legitimate burdens ; at the same time totally ignoring and suppressing the all-important fact that the old Poor Law rates were monstrous and excessive, and collapsed into very different figures as soon as the new Poor Law reformed their abuses. But such fallacies and misleading statements are most unfair to the ratepayers and unworthy of a Report to Parliament by a powerful Minister.

Observe the inferences to which they naturally lead. The general public read them, and exclaim, as I fear Mr. Goschen meant them to exclaim, "What large reductions of taxation ! What right have the owners and occupiers to ask for any further remissions ?" The Radicals read them and exclaim — and were they not meant by Mr. Goschen to exclaim ?—"What a shame that the landowners have been let off their proper taxation. Screw them up at once to their old rating." But is this the way in which either Ratepayers or Landowners ought to be held up to undeserved odium ?

II. The proper period for Mr. Goschen's inquiry, in order to ascertain the fair "hereditary burden," is the period of legitimate and normal expenditure during the thirty-six years—more than a whole generation—that have elapsed since the carrying out of the great reform of the old Poor Law abuses. During this period the facts of rating have been all the other way. Since 1837, the first year of the full effect of the reform, the poor rate, which includes nearly all the "unremunerative" rates common to every kind of property, has increased rapidly in total amount, and in a much larger proportion than the rateable value. This is evident from the official tables of annual rates and of nominal rateable value. The fairest mode of showing the increase is by a table of five-year averages. Mr. Goschen adopts the plan of averages, but takes them by too long periods of ten years each, a method that fails to show the rapid increases during the thirty-six years. The subjoined table is made up from the official returns of poor rates (omitting the portion appropriated to highways) and the nominal rateable value is calculated from the returned years, according to the annual rate of increase :—

NOMINAL INCREASE OF RATES SINCE POOR LAW REFORM.

Years.	Average Poor Rates. £	Average nominal Rate- able Value. £	Average nominal rate in £. s. d.
1837 to 1841 ..	5,700,000	61,250,000	1 10 $\frac{1}{4}$
1842 to 1846 ..	6,800,000	65,000,000	2 0
1847 to 1851 ..	7,300,000	67,700,000	2 2
1852 to 1856 ..	7,200,000	71,840,000	2 0
1857 to 1861 ..	8,000,000	73,500,000	2 2
1862 to 1866 ..	8,800,000	87,620,000	2 0
1867 to 1871 ..	10,545,000	102,000,000	2 0 $\frac{3}{4}$
<hr/>			
Increase in last 5 years over first. }	£ 4,845,000	£ 40,750,000	s. d. 0 2 $\frac{1}{2}$
Increase per cent.	85	66·5	11

Showing a substantial increase in the poor rate as compared with the nominal rateable value, and in the percentage of the rate per pound.

Rise in
standard of
rateable value.

III. But this brings us to another great mistake of Mr. Goschen, which is an extraordinary one to be committed by the President of the Poor Law Board. Throughout his inquiry Mr. Goschen has argued upon Rateable Value as if it were in every period the same proportion of the real value. But rateable value is a different proportion at different periods. The words represent a lower standard, and have a different effect in the earlier from the later years. The difference necessitates

an important correction in the figures. It is a difference officially described in well-known Poor Law returns, and it ought to have been familiar to Mr. Goschen. Yet not a word is written and no single correction made in Mr. Goschen's Report in consequence of its existence.

This difference arises from the practice of under-rating or under valuation so prevalent in the earlier half of the century, and described in the official report of the Poor Law Commissioners on Local Taxation in 1843. The Commissioners say (pp. 50 to 53) that up to that time the assessed value had always been considerably below the legal standard of rateable value, and about the middle of the last century was less than half the true value; and that the practice gained ground everywhere till 1815, from which time it remained stationary till 1836. The motive of undervaluation was to escape the parish contributions to the county rate. The Parochial Assessments Act was passed in August 1836 to remedy the evil, but up to October 1842 had not come into operation in 11,190 parishes, which continued in their state of excessive under-valuation, while in the 4,444 parishes which had been revalued, many of the most scrupulous valuers admitted that, in order to avoid dissatisfaction and appeals, they had kept their valuations 10, 15, or 20 per cent. below the strict

estimate, while the less scrupulous had produced valuations even more objectionable than before. It is scarcely possible to avoid the conclusion, from the account thus officially given, that the standard of rateable value in 1837-41 (three years earlier than even this stage of reform) must have been, on the average of England and Wales, from 20 to 25 per cent. below the reformed and generally correct standard of the present day. This conclusion is confirmed by the following table of increase of rateable value compiled from Mr. Goschen's returns, and which, notwithstanding the efforts made after 1843 to remedy the abuse, shows by the sudden increase which followed the Union Assessment Act of 1862, the large under-valuation which lasted till that year:—

INCREASE OF NOMINAL RATEABLE VALUE.

Year.	Nominal Rateable Value.			Increase per
	£			cent. per
				annum.
1814	.. 51,900,000	..	..	—
1836	Parochial Assessment Act.			—
1841	.. 62,540,000	..	..	·76
1847	.. 67,320,000	..	..	1·2
1856	.. 71,840,000	..	..	·7
1862	Union Assessment Act.	..	..	—
1863	.. 76,357,000	..	..	·9
1864	.. 87,619,000	..	..	14·7
1868	.. 100,668,000	..	..	3·7
1872	.. 109,447,000	..	..	2·2

Here the annual increase, which grew larger from 1841 to 1847, and then smaller, and again a little larger from 1856 to 1863, makes a sudden bound, on the appearance of the new valuations in 1864, of nearly 15 per cent. in a single year; then makes an increase of $3\frac{1}{2}$ per cent. for each of the four next years, and lessens in the four last years to a normal rate of 2 per cent. per annum;—indicating that in 1863 the nominal rateable value was still more than 16 per cent. below its present standard.

Let us now apply these facts to correct the figures of the table of rates and rateable value; and, in order to be quite within the mark, let us estimate the rateable value of 1837-41 as only 15 per cent., instead of 20 or 25 per cent. below the standard of rateable value in 1867-71. We then obtain the following table of the real increase of rateable value and rates in the pound:—

Years.	Average Poor Rate.	Rateable Value		Rate in £	
		on Present Standard.	on Present Standard.	s.	d.
	£	£			
1837-41 ..	5,700,000 ..	72,000,000 ..	1	7	
1867-71 ..	10,545,000 ..	102,000,000 ..	2	0 $\frac{3}{4}$	
Increase ..	4,845,000 ..	30,000,000 ..	0	5 $\frac{3}{4}$	
Increase } per cent. }	85 ..	41·5 ..		30	

So that there is reason to believe that, on the

most moderate calculations, during the 35 years of fair comparison between 1836 and 1871, while the poor rate has increased 85 per cent., rateable property has only increased $41\frac{1}{2}$ per cent., or scarcely half as rapidly, and the rate in the pound of real value has increased 30 per cent. There has, therefore, been since 1836 a gradual, but large and important, increase of the prescriptive or hereditary burden of the poor rate on rateable property generally.

Poor rates on land and on houses compared.

IV. But it will probably be said by Mr. Goschen, "These are figures for all rateable property, and do not apply to land. Land is much less heavily rated;" and he will repeat the words used in the conclusions of his report: "As regards poor rate, the burden on lands in the country generally has increased very slightly in amount, and not at all as regards the rate in the pound." I wonder why Mr. Goschen has never taken steps to use the information at the command of the Poor Law Board, and to ascertain from his own returns, or from new returns, what are the amounts of total poor rate and of poor rate in the pound that are actually borne by land, and what by houses and other property, to settle the question whether land is very differently rated. The nearest approach is a return by Mr. Hibbert (No. 141, 1871) showing the poor rates in 1868-9 on 512

rural unions to be 2s. 0 $\frac{3}{4}$ d. in the pound, and those in 155 town unions 2s. 6d. in the pound. It has been elaborately argued by Mr. Goschen's friends that this measures the difference of rates in the pound between land and other property; but their reasoning is evidently erroneous, since the 512 rural unions contain about £20,000,000 rateable value of houses and other property, which will reduce the town average of the rate in the pound on houses.

There are means of confirming this by comparison of Mr. Goschen's returns of rateable value and poor rates levied for two different years, 1870 and 1868, in which the average poor rate for the whole of England was almost exactly the same. I have worked out the rate upon land from Return 417, 1871, which distinguishes the rateable value of land, houses, and other property in every union separately for 1869-70, and Return 421, 1869, which gives the poor rate in the pound for every union separately for 1867-8. This gives the following calculation of total rates and rates in the pound on land and on other property in 1869-70, and of their percentages to the total amount:—

1869-70.	Rateable Value. £	..	Poor Rate levied. £	..	Rate in the £. s. d.
Land	{ 39,800,000 .. 38 per cent. ..	..	{ 4,150,000 } .. 36 per cent. }	..	2 1
Houses and other pro- perty. . . .	{ 65,070,000 .. 62 per cent. ..	..	{ 7,343,000 } .. 64 per cent. }	..	2 3
Total	104,870,000 ..	..	11,573,000 ..	..	2 2½

The above amounts of rateable value correct some important errors of addition in Mr. Goschen's Return 417; and the amounts of poor rate levied have been corrected for the small difference of rates between 1868 and 1870, so that the result may be in the main relied on. The table shows the strongest probability that lands bear within 2*d.* in the pound the same poor rate in the pound as houses and other property.

Increase of
rates on land.

The inferences are important. They show the extreme probability that the general conclusions of the increase of rates proved in the last table but one respecting all rateable property are true, with a small deduction, for the rates on land separately, and, therefore, that the poor rate in the pound has materially increased upon land since 1836. The total poor rates on land have still more largely increased.

	£
In 1837-41 they were 52 per cent., or	2,950,000
In 1869-70 they were	4,150,000
Increase in 34 years	1,200,000
Increase per cent.	40

To these have to be added the separately levied highway rate, and the sanitary and educational rates just commencing. The whole show a considerable present as well as prospective augmentation of the burdens on land.

V. I recapitulate the conclusions :

Conclusions.

1. That every principle of political economy, as well as of sound logical and statistical inquiry, forbids the course Mr. Goschen has taken of deducing the prescriptive or hereditary burdens on property from periods of extraordinary and exceptional expenditure like the old Poor Law period from 1782 to 1834.

2. That the fair and legitimate period for such an inquiry is the period of 36 years, more than a generation, since the new Poor Law Reform was carried into effect in 1836.

3. That during this period the total poor rate (which represents the unremunerative local taxation) has increased on the total rateable property more rapidly than the rateable value, and the average poor rate in the pound has increased also.

4. That the real increase of rate in the pound

is still more considerable, when we take into account the important rise during that period in the standard of rateable value by the correction of the old system of undervaluation.

5. That investigation of the best available official data indicates that lands pay within 2*d.* in the pound the same average poor rate as houses and other property.

6. That the poor rates on land have during the 36 years increased largely in total amount and (in common with other rateable property) in the rate in the pound of real value.

7. That the other rates are increasing both on lands and on houses and other property.

8. That thus it appears that during the last 36 years the burden of rates on land separately, and also the burden on houses and other property, have materially increased, and are still increasing, both in total amount and on the average rate in the pound of real value.

These conclusions are proved by chapter and verse out of Mr. Goschen's own returns and the official Poor Law Reports. They are diametrically opposite to Mr. Goschen's conclusions on rating questions, conclusions which are the main propositions of his Report, and if my conclusions are right Mr. Goschen's Report is shattered and worthless. I challenge Mr. Goschen and his friends to dis-

prove them or to alter in any material manner my calculations. I have a strong conviction that they will not succeed in doing so; and that on this important subject of the increase of rates the public will find, and Mr. Gladstone will find, that the backbone of Mr. Goschen's report is broken.

November 29, 1873.

LETTER III.

MR. GOSCHEN ON COMPARATIVE TAXATION.

THE most important portion of Mr. Goschen's report is that which treats of the total Taxation, Imperial as well as Local, of Real Property as compared with other property. In more than one debate in the House of Commons, Mr. Gladstone had announced the necessity of such an investigation before any step could be taken towards Local Taxation Reform, and had warned the reformers that they might find the special burdens of rateable property counterbalanced by its exemptions: How has Mr. Goschen worked out the suggestions of his Chief? What counterbalances has he demonstrated, and what errors has he committed?

Real property
wrongly used
in two dif-
ferent senses.

I. First we have to ascertain what property it is of which we require to find the total taxation. English law is so arbitrary in its definition of Real Property and Personalty that those properties do not correspond at all accurately with the taxes which are generally considered real property taxes and personalty taxes. Land and houses pay real property taxes when they are freehold or copyhold,

and both real and personal taxes when they are leasehold or sold under a will. Railways, mines, and other rated property pay both real and personal taxes. This liability to pay both kinds of taxation is one of the greatest grievances of the Local Taxation question, and one which an inquiry like Mr. Goschen's especially needs to examine into. Hence Mr. Goschen's investigation ought to have been respecting the total Taxation, real as well as personal, of all Rateable Property.

Instead of this, Mr. Goschen has adopted a principle which causes the greatest confusion. Using the words "real property" instead of "rateable property" as the subject of his inquiry, he gives those words different meanings in Local and in Imperial Taxation. In his long series of Local Taxation tables "Real Property" means Rateable Property, and includes Lands, Houses, Railways, Mines, and other rated property. In his equally long series of Imperial Taxation tables, "Real Property" means only Lands and Houses. In a third series of tables compounded of the other two, and professing to give the "total taxation on real property," the meaning of the words "real property" is different in different lines and columns, and even in the same lines and columns, of the same tables. In consequence, the so-called "total taxation" is not the total taxation of

the property included. As in the gross income tax assessment lands and houses are valued at £116,000,000 a year, and lands, houses, railways, mines, and other rated property at £143,000,000, the importance of the discrepancy between the two series of figures is very evident, and the un-statistical blunder into which Mr. Goschen has fallen.

Highest
standard of
assessment
wrongly
adopted.

II. But a second fallacy is committed, with the same object of lowering the English rate in the pound. There are in the English valuations three standards of value in property assessments. First and highest is the gross Income Tax assessment which on real property is the extreme nominal rack-rent without any deductions for outgoings—a standard which every one knows from his own house or land to be (as Mr. Gladstone himself said in his Budget speech of 1852) fully 16 per cent. above the real or net value. Secondly, there is the net Income Tax assessment, in which some abatements and excusals have been made, and representing in its total, rather than in its details, more nearly the true value of the total real property. Thirdly, there is the rateable value to poor rate, which in land and houses gives pretty accurately the net value, but in railways, mines, and other rated property a lower proportion. The three annual values in 1868 for all rate-

able property were—gross Income Tax assessment, £143,870,000 ; net Income Tax assessment, £133,000,000 ; and rateable value, £100,600,000. For lands and houses only these values were respectively £116,000,000, £107,000,000, and £90,000,000. Of these three values the net Income Tax assessment is the fairest full value. But Mr. Goschen, for obvious reasons of advantage to his argument, chooses throughout his tables the extreme and excessive gross Income Tax assessment, and so erroneously represents the pressure of English taxation as lighter than its real proportion.

III. A very signal instance of the erroneous effect of this extreme standard, when coupled with a serious mistake in the French standard also, occurs at pages 39 and 170 of the Report and Appendix, in the important comparison of English and French taxation. In the table at page 170 Mr. Goschen states the English real property at the extreme total of £143,872,000, and its taxes as £21,900,000, giving a rate in the pound of 3s. 0½*d.* He states the French real property (on the authority of D'Audiffret) as £160,000,000, and its taxes as £23,528,000, giving a rate in the pound of 2s. 11¼*d.*, so demonstrating to his own satisfaction their practical equality, and obtaining what appeared a weighty argument against British grumbling. But unfortunately Mr. Goschen failed

Error in calculation of French taxation.

in his perusal and extracts from the great French statistician, De Parieu, to observe that the *Contribution Foncier* valuation is only on lands and houses, and that railways, canals, &c., are valued only at the agricultural rentals of the land which they occupy (De Parieu I., 236). Consequently for this comparison we must take the English valuation also for only lands and houses, which on the net Income Tax assessment is £107,000,000 instead of £143,000,000 annual value. It stands to reason that the immense landed property of France, 130,000,000 acres and the houses and other real property of 38,000,000 inhabitants must in 1868 have been very much more valuable than the 37,000,000 acres of England and Wales, and the houses and other real property of 21,650,000 inhabitants. But the difference in the English rate of taxation, by this correction of the valuation of property to £107,000,000, is immense. It makes the English taxation in the pound on real property 4s. 1d. instead of 3s. 0½d.: against the French 2s. 11¼d. Even if, to avoid all possibility of including too much English taxation in the total, we omit the £1,500,000 of rates (9½ per cent.) due to railways, mines, and other rated property, the English taxation in the pound on lands and houses only is 3s. 11d., or 34 per cent. heavier than the French. Here, then, is an error of Mr.

Goschen's of the most important character in the figures of the most important of his comparisons of English and foreign taxations on real property ; an error the discovery of which upsets altogether the conclusion of their equal burdens, which was one of the great results of his investigation.

IV. But what is Mr. Goschen's conclusion about the relative burdens of English real and personal property ? He divides all the Imperial and Local Taxation into two categories (pages 32 and 121).

Failure to ascertain proportions of taxes on realty and personalty.

First, Taxes on real property, £21,900,000. Their percentage on total taxation, 32·57.

Secondly, Taxes not on real property, £45,340,000. Their percentage on total taxation, 67·43.

Further than this analysis Mr. Goschen declares it impossible to go. He does not mean this to be a comparison of the taxes on real and personal income, although the words might bear that meaning ; and he repudiated such a construction in a subsequent speech. Such a comparison Mr. Goschen considers impossible, because he can neither estimate the amount of personal income nor distinguish the taxes that fall on it. He gives up all attempts to ascertain exemptions of real property, and counterbalances on personal incomes, and turns away to a comparison of percentages in various years and countries, with which we will deal immediately. But see what this abandonment

implies. Mr. Goschen says, in effect :—“I confess that I cannot prove anything about the comparative taxation of Real and Personal Income. I cannot show that the special taxes on personalty are equal to the burdens on real property. I have collected every possible information and I have had the aid of the ablest statisticians. But we cannot prove it. No one can prove it.”

But such a confession is fatal to the great Radical doctrine of the heavier taxation of personalty.

Fallacy as to proportions of foreign taxation.

V. The direct answer to Mr. Gladstone's question having been given up as hopeless by Mr. Goschen, what are the indirect answers by which he arrives at his conclusions about the taxation of Real Property? The real question for discussion is whether certain property in England bears more than its proportionate share of the total taxation. Suppose (as an illustration) that a similar question arose in a particular parish, such as St. James's, Piccadilly, respecting a portion of rateable property, such as Carlton House Terrace, the occupiers of which complained that they were assessed upon too high a scale, and were paying 4s. 6d. in the pound, against 3s. on all other property. It would be no answer to their complaint to show that they were paying the same proportion—say 5 per cent.—of the total rates of the parish, as 30 years

ago, unless we could also prove that their property was the same proportion of the total property. If not, they would say very justly that other property had increased in a greater ratio, and that this proportion was no longer the fair proportion for them to pay. Still less would it be any answer to show that similar rows of houses in other parishes were paying 5 or 6 per cent. of the total rates of their respective parishes unless we could prove the same proportion of total property; because the proportionate values of the property assessed might be widely different in each different parish. Nor would it be any answer to show that in other parishes such as Bethnal Green, rates were 6s. or 7s. in the pound. Mr. Gladstone and the inhabitants of Carlton House Terrace would say with perfect justice:—"All these answers are fallacies. We have nothing to do with other parishes and their rates or percentages. We want simply to pay our fair proportion, according to value, of the present rates of the parish of St. James."

But the answers of Mr. Goschen about English taxation are in effect these same three answers. He gives us elaborate tables, which I shall presently quote, to show that English taxation on real property was 26 per cent. of total taxation in 1826, and 32 per cent. in 1868, but says nothing about the proportions of real property income to total

income in those years. He gives us tables to show that English real property pays nearly the same proportion of total taxation—about 30 to 32 per cent.—as French and Belgian real property; but says nothing about the relative proportion of real property to total income in England as compared with France and Belgium. And he gives us tables to show that the rate in the pound on real property in England is lower than in Belgium and Holland, and nearly the same as in France; but here, as before shown, he is utterly wrong in his English figures. But it is clear from the illustration above given that all these comparisons, if carried no further than Mr. Goschen carries them, prove absolutely nothing.

Mr. Goschen's facts prove real property in England the most heavily taxed.

VI. But I go farther, and can prove that, closely looked into, these very tables tell against Mr. Goschen's theory.

1. Mr. Goschen states that the proportion of the taxation on real property in England and Wales to total taxation was—in 1826, 25·91 per cent.; in 1843, 27·16 per cent.; in 1862, 31·35 per cent.; and in 1869, 32·57 per cent. But this shows an increase of 6·66 per cent. since 1826, while the proportion of real property to total income has diminished; so that the proportion of taxation on real property must have increased very considerably. Mr. Goschen says the proportion

of taxation on land must have diminished, but he does not prove it by any figures. We know the proportion of land to total income has very much decreased, through the increase of houses and personal income, and therefore the proportion of the taxation of land to total taxation ought also to have diminished. But this does not in the least prove that land bears now any less burden in proportion to its relative value than it did in 1826. Mr. Goschen's answer fails him as to land as well as houses.

2. Mr. Goschen tells us that the percentages of local taxation borne by real property in different countries are—United Kingdom, 30·41; France, 28·87; Russia, 17·28; Holland, 20·16; Belgium, 31·92; Austria, 27·93; so that real property pays in the United Kingdom a larger proportion than it pays elsewhere, except in Belgium. But let us add to this table Mr. Goschen's own figures for the actual country under investigation "England and Wales 32·57 per cent.," and it is evident that, on his own showing, English real property pays a larger proportion than real property in any other country. But, further, as English real property produces a smaller share of English total income than real property does of the total income of any other country, it is clear that English real property pays really a much larger share in proportion

to its relative value of the total taxation. For example, if real property in England and Wales produces one-seventh of the total income and pays 32·57 per cent. of the total taxation, while real property in France produces one-fifth of the total income and pays 28·87 per cent. of the total taxation, it is evident, by a simple arithmetical sum, that English real property pays more in proportion than the French in the ratio of 45·6 to 28·87, or more than half as much more; so that Mr. Goschen's table tells entirely against his own view. Instead of showing that English real property pays very little more than real property in foreign countries (all whose personal incomes are so much smaller), it indicates that the English real property must really pay something like a third or a half, or even two-thirds more taxation in proportion.

But, says Mr. Goschen, Land, at all events, pays a much less proportion in England than land in other countries, because houses pay a much larger proportion. Mr. Goschen falls into the strange fallacy of assuming that land ought in every country to pay the same proportion of local taxation, no matter what its own proportion to total income. Land in England produces a much smaller proportion of the total income than in France, probably in the proportion of one-twentieth

part in England to one-eighth in France. Of course it is probable that the English one-twentieth pays a smaller share of English taxation than the French one-eighth does of the French taxation ; but this does not show in any manner that the English land pays a less relative proportion of taxation than French land. On the contrary, when the figures are produced, we shall no doubt be able to show, just as in the case of real property, that English land pays much more taxation in proportion to its real share than land in other countries. Anyhow, Mr. Goschen's proof fails completely.

3. Mr. Goschen adds a table of rates in the pound of taxation of real property in different countries :—United Kingdom, 3s. 0 $\frac{1}{4}$ d. ; France, 2s. 11 $\frac{1}{4}$ d. ; Belgium, 3s. 7 $\frac{1}{4}$ d. ; Holland, 4s. 8 $\frac{1}{2}$ d. ; but I have previously shown that England and Wales pay on land and houses (corresponding to the real property of foreign countries) 3s. 11d. in the pound, instead of Mr. Goschen's 3s. 0 $\frac{1}{4}$ d. ; so that English real property is more severely taxed than every other country except Holland, the most heavily-taxed country in Europe. But the true comparison is not with the most heavily-taxed, but with the average-taxed country. The debt and misfortunes of Holland, or the exceptional circumstances of Belgium, are no reasons for claiming to fix a higher standard of taxation for England.

The above figures show clearly that England pays more than the average taxation upon her real property. For land separately the rates in the pound in foreign countries have not been worked out. England is so much above the average in lands and houses that Mr. Goschen has no right to assert, without the most careful proof, that she is below the average in land separately. He has produced no proof at all; yet we find him asserting (page 40) "that the position of lands in England has been shown to be infinitely more favourable than in either Belgium or France." The assertion is utterly erroneous and unfounded.

I must also remark on the unfairness of his parading in the same page (40) the percentages of Imperial taxation alone, paid by land in England and other countries. England, 5·28 per cent.; France, 18·43; Prussia, 11·39; Belgium, 20·72, &c., and then drawing inferences (which are meant to disparage land,) that land is not so available for Imperial taxation in England as in those other countries. English Local taxation is heavy on land and Imperial taxation light, while the Continental system is exactly the reverse. No comparative international statement is fair to the land which does not include both Local and Imperial Taxation.

Conclusions. VII. The following are the conclusions of this letter, and surely never, even in the palmy days of

protection (either English or American), was a more serious list presented of errors and fallacies, and proofs that prove the contrary, extracted from a great Ministerial Report to Parliament :—

1. Instead of defining “Real Property” and ascertaining its total taxation, Mr. Goschen has adopted one meaning of the words in his Local Taxation Tables and another meaning in his Imperial Taxation Tables, and has confounded both meanings together in his Total Taxation Tables, though one meaning includes something like £27,000,000 a year more than the other.

2. Mr. Goschen has committed the great error and injustice to English taxpayers of adopting in his Imperial and Total Taxation Tables the extreme and excessive gross Income Tax valuation for comparison with the usually low continental valuations, instead of adopting the fairer but high net Income Tax valuation.

3. He has made a very serious mistake about the nature of the Contribution Foncier valuation of French Real Property, which has led to his erroneously calculating the corresponding English Real Property rate in the pound at 3s. 0 $\frac{1}{4}$ d. instead of 3s. 11d., so altering most materially the true inferences of comparative weight of French and English taxation on Real Property.

4. He declares himself unable to ascertain the

comparative weight of taxation on Real Property and Personal Income in England and Wales.

5. Instead of the real answer to the question of what are these comparative burdens, Mr. Goschen endeavours by analogies drawn from percentages of taxation on real property in different years and countries to show that Real Property and Land are not unduly taxed ; but his inference is unfounded, because he omits the information indispensable to support it, viz., the proportions of such property to total income in those various periods and countries. So far as this information can be supplied, it shows that Mr. Goschen's tables prove the exact opposite, viz., that English Real Property is more heavily taxed.

6. He endeavours to show by comparison of taxation in the pound in various countries that English Real Property and Land are not so heavily taxed as in some foreign countries ; but when the above-mentioned mistake is corrected, his table proves that Real Property in England is much more heavily taxed than the average of foreign countries, and than all foreign countries except Holland.

Such are the conclusions to which I invite public attention, and which I challenge Mr. Goschen and his friends to disprove if they can. These conclusions show that the portions of Mr. Goschen's

Report respecting the Total Taxation of Real Property and its comparison with that of foreign countries are as thoroughly fallacious and misleading as the portions of his Report about the increase of Rates were proved to be in a previous letter. Undisproved, they must destroy all the credit and authority of his Report.

Dec. 24, 1873.

LETTER IV.

THE TAXATION OF REALTY AND PERSONALTY.

Mr. Goschen's
Report
undefended.

THE present position of Mr. Goschen's Report on Local Taxation is peculiar. It is a Report by a Cabinet Minister, as the head of the Local Government Department, presenting to Parliament a large body of official statistics, and drawing from them a series of very important propositions as a basis for legislation. For a long time the formidable and complicated mass of tables, *rudis indigestaque moles*, deterred all critics, and Mr. Goschen retorted with some effect upon his opponents in a late debate, that in the public press no one had impugned his figures and conclusions. But now they have been stoutly called in question, and Mr. Goschen has not ventured to defend them. Many of his principal facts and statements have been shown to be inapplicable or erroneous, and his chief conclusions to be fallacious. To my earliest and least important letter Mr. Goschen replied promptly. But when a long catalogue of serious errors and fallacies were published, Mr. Goschen took refuge in silence. No challenge could induce him to defend his own propositions.

See Appendix,
pp. 95-99.

His friends deserted him. The *Economist*, one of whose able editors had supplied much of the material of the report, fired off a couple of paragraphs in answer to my earlier letters, and then withdrew from the conflict. Nor did any official champion come forward in defence of his chief. A little bird tells me that in official circles the great Report is condemned as "full of mistakes." The *Saturday Review* describes it as "Mr. Goschen's blundering statistics." So the virgin fortress of Mr. Goschen's Report has fallen without a struggle.

But before concluding this one-sided contro-^{Relative}_{taxation}versy, I must say something more about the problem pronounced by Mr. Goschen to be insoluble—the relative Taxation of Real Property and Personalty. Mr. Goschen leaves the question in a most unsatisfactory state. He gets no further before giving it up than an estimate of the taxation primarily falling upon Real Property, and a lump sum total of the remainder. He declines to estimate the ultimate and real burden upon real property, and never approaches either the primary or the ultimate burdens upon personalty or industrial incomes. His calculations stop short at the first and most elementary step, where they are of no practical use. But is it impossible to solve a question so important for the fair adjustment of future taxation? The investigation is no doubt

difficult from the complication of many of the facts and the uncertainty of some of the figures. But approximate conclusions can be obtained, which may be valuable guides for legislation.

Imperial
taxation on
lands and
houses.

1. As regards Imperial Taxation. Mr. Goschen gives, at page 30 of his Report, the Imperial Taxation falling in 1868-69, upon lands and houses (which he there calls "real property"), in England and Wales:—

	£
Land tax	1,082,000
House tax	1,062,000
Income tax, 4d.	1,785,000
Succession duty	571,000
Stamps on deeds, $\frac{3}{4}$ ths	1,033,000
Probate duty, 1-10th	143,000
	<hr/>
Total on land and houses	5,677,000

This is nearly 5·3 per cent. on their annual value of 107,000,000*l.*, in Schedule A of the net Income Tax assessment. I should be inclined to diminish the amount of stamps, and to increase the probate duty for leaseholds and real property devised for sale, as well as to add some legacy duty for these last devises; but the total is a fair estimate of the real amount. For estimating the ultimate incidence, a considerable portion of the house duty needs to be deducted as being borne, where competition exists, by the tenants. But on the other hand, allowance

must be made for the fact, that the succession and legacy duties are paid only upon the net value of the property after deduction of mortgages, and must be reckoned at more than 1 per cent. instead of their apparent amount of $\frac{1}{2}$ per cent. The percentage of Imperial Taxation ultimately falling on land and houses is, therefore, about 5 per cent.

2. The Imperial Taxes on Personalty, except On personalty leaseholds, but including railways, canals, &c., are, from the returns of the same year, 1868-69 :--

	\pounds
Probate duty (balance)	1,292,000
Legacy duty	1,766,000
Stamps on deeds (balance)	344,000
Railway duty	500,000
Income tax, 4d. in the pound	

But as there is no official estimate of the amount of personalty, the percentage of the total taxes upon the total income must be calculated separately for each tax. Thus income tax at 4*d.* in the pound was 1.66 per cent. Stamps, even if taken as a larger amount than here set down, cannot exceed $\frac{3}{4}$ per cent. Railway duty will be calculated when we distinguish railway capital. The probate and legacy duties require a longer explanation. Probate duty is shown by the official returns to be on the average 2 per cent. upon the capital assessed, and legacy duty to be on the average $2\frac{1}{2}$ per cent.

on the capital assessed, when bequeathed absolutely, and on the value of the life interest when left for life, the latter being equivalent to an average of 1.66 per cent. on the capital. Settled personality (of which there is a great deal) pays no probate duty; and only succession duty, which is on the average 2 per cent. on the life interest. Property passing from husband to wife, or wife to husband, pays neither legacy nor succession duty. Hence, the average probate, legacy, and succession duties on personality assessed at all these different rates may be approximately taken at $3\frac{1}{2}$ per cent.

But although these are theoretically taxes on capital, it has been pointed out in recent discussions that they must, in estimates of actual taxation, be treated as paid so much a year out of income. The Inland Revenue considers that property passes under these duties once in 30 years, so that we must consider the $3\frac{1}{2}$ per cent. as a tax on 30 years' income. Suppose an aggregate 100,000*l.* of investments of all sorts of personality, producing from high and low rates of interest an average of $4\frac{1}{2}$ per cent. The tax will then be 3,500*l.* on 30 times 4,500*l.*, or a tax of $2\frac{1}{2}$ per cent. on the annual income. Hence the ultimate Imperial Taxes on personality other than railways were—

Probate, legacy, and succession duties	2·5 per cent.
Stamps	0·75 „
Income tax at 4d.	1·66 „
	<hr/>
Total taxes on personalty ..	5·0 „

3. As railways, canals, &c., are subject to local taxes, which will have to be added, it is necessary to estimate their Imperial Taxation separately from other personal property. Canals and other rateable property pay the same as other personalty, or 5 per cent. Railways pay, in addition, the railway duty of 500,000*l.* on 16,000,000*l.* of net revenue, or 3 per cent., being a total of 8 per cent. On railways, canals, &c.

4. The Imperial Taxes on industrial incomes that pay Income tax, are Income tax, and licenses, and stamps, amounting to about 1,100,000*l.* a year, and may be taken as a total of 3 per cent. On industrial incomes.

5. The remaining Imperial Taxation for England and Wales is by subtraction from Mr. Goschen's table at p. 31— Remainder on expenditure.

	£
Customs and Excise.. .. .	28,592,000
Stamps	600,000
Assessed taxes	1,138,000
Net receipts from Post Office ..	958,000
	<hr/>
	31,288,000

These are almost entirely Taxes on Expendi-

82 *The Taxation of Realty and Personalty.*

ture common to every class of income, whether from realty, personalty, or industry.

Summary of
imperial
taxation.

6. The relative proportions of Imperial Taxation ultimately borne by the different kinds of property and income appear, therefore, to be approximately as follows :—

IMPERIAL TAXATION.	
(Ultimately borne by)	
Lands and houses	5 per cent.
Railways	8 „
Canals and other rateable property	5 „
Personalty	5 „
Industrial incomes paying income tax	3 „
Besides the taxes on expenditure common to all incomes	£31,288,000

Local
taxation.

7. As regards Local Taxation the division of the Rates was approximately for 1868-69 :—

		£
Lands and houses		15,000,000
Railways, canals, &c.		1,500,000
		—————
Total		16,500,000

Railways, canals, &c., were $9\frac{1}{2}$ per cent. of the rateable value. Their rates are altogether incident on the properties, which are occupied as a general rule by their owners. On the other hand, the rates on lands and houses need division between owners and occupiers. Mr. Goschen professes himself unable to do this. But in his exhaustive dis-

cussion of the subject in the Draft Report of the Committee on Local Taxation he admits that a considerable proportion of the rates on land falls generally upon the owners and a less proportion of the rates on houses. This accords very much with the view held by the great majority of authorities on the subject—viz., that for land the greater portion of the rates falls on the owners and for houses upon the occupiers. We cannot, therefore, be far wrong in taking half the total rates on lands and houses, or £7,500,000, as falling upon their owners, and the other half upon the occupiers. Since the occupiers are the whole population, including the owners themselves, the occupiers' half must be considered as general taxation common to all classes and in the same category as the Tolls and Dues, amounting to £4,360,000, of Local Taxation, and the remaining £31,288,000 of Imperial Taxation. It must also be remembered that although the total rates on lands are less in the pound than those on houses, yet the proportion incident on the owners is considerably larger for land than for houses, so that the rate in the pound incident on owners of land out of the owners of £7,500,000 is as large, or probably larger, than that on the owners of houses. We have, therefore, this table of the incidence of rates :—

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LOCAL TAXATION.

(Ultimately borne by)

Lands and houses, £7,500,000 on £107,000,000	
annual value, or	7 per cent.
Railways, canals, &c., £1,223,000 on £27,000,000	
annual value, or	4 „
Besides the remainder of Local Taxation, being the occupiers' proportion of rates, and the Tolls and Dues which fall on all classes of incomes	£12,000,000

Total imperial
and local
taxation.

8. Putting these two tables together, we arrive at the following approximate table of ultimate incidence and burden :—

TOTAL IMPERIAL AND LOCAL TAXATION.

(Ultimately paid by incomes from)

Lands and houses	12 per cent.
Railways	12 „
Canals and other rateable property	9 „
Personalty	5 „
Industry (paying income tax)	3 „
Besides Imperial and Local Taxation common to all the classes of incomes.	£43,000,000

Thus out of the total Imperial and Local Taxation of England and Wales for 1868—69 (detailed at page 121 of Mr. Goschen's report) of £67,000,000, the special taxes on Real Property, Personalty, and Industrial incomes absorb £24,000,000, and the taxes on Expenditure and Occupiers which remain, and are common to

all classes of income and wages, amount to £43,000,000.

And Real Property pays 12 per cent. of its income, against Personalty paying 5 per cent. of its income, and against Industry (subject to Income tax) paying 3 per cent. of its income, in these special taxes; besides the share of each, according to their expenditure, in the large balance forming the taxes on expenditure and occupiers.

So that Real Property pays very much heavier taxes than Personalty, and Personalty heavier taxes than Industrial incomes.

Such is the answer to the question of their relative taxation. It is an approximate answer, and may be open to objections of detail, cutting off $\frac{1}{2}$ per cent. here and adding $\frac{3}{4}$ per cent. there, according to different estimates of particular items. But in the main it shows correctly the general division and result of English taxation. I challenge Mr. Goschen and his friends to go through its calculations, and show, if they can, any error materially affecting its conclusions. I ask Sir R. Torrens to examine whether it does not afford an answer to his speech at Cambridge, which stated very ably the Liberal doctrine that probate and legacy duty are a rough and ready counterpoise and make-weight to the rates on realty. But this is a mistake, since in Imperial taxes alone Real

property is as heavily burdened as Personalty, and bears the rates besides.

Principal
conclusions.

In these letters I have controverted the three main propositions of Mr. Goschen's Report.

The first was that Rates on Land have greatly diminished since 1815 and 1830. I have shown that the rates in the old Poor Law period were excessive and abnormal, and that since the true period of comparison, the new Poor Law of 1834, these rates have steadily and considerably increased.

The second was Mr. Goschen's attempted proof that the total taxation on Real property and Land was less heavy in England than in foreign countries. I have shown that this was an utter fallacy, and that his own figures prove the exact reverse.

The third was Mr. Goschen's denial of the possibility of ascertaining the relative taxation of Real property and Personalty. I have shown that it can be approximately ascertained, and that Real property is taxed more than twice as heavily as Personalty.

I leave Mr. Goschen's report to the judgment of the country.

Jan. 17, 1874.

LETTER V.

HEREDITARY OR PRESCRIPTIVE BURDENS.

AN objection has been made to the conclusions of these letters respecting the taxation of Real and Personal Property, that demands consideration.

Objection to foregoing conclusions.

It is allowed that the figures of the taxation have been fairly given, and that Real Property very probably pays 12 per cent. of its income to the taxgatherer, against Personalty paying 5, and Industry 3 per cent. But it is denied that these figures prove Real Property to be more heavily taxed than Personalty or Industry, since "hereditary burdens" have to be allowed for. The doctrine of Mr. Mill is well known that taxes of old standing on Real Property ought to be regarded as no taxation at all, but as a share in the property reserved by the State. According to this theory the prescriptive taxes ought to be deducted from the 12 per cent., and the remainder considered as the only true taxation of Real Property to be compared with that on Personalty and Industry.

See Sir R. Torrens' letter in Appendix, pp. 99-102.

The grounds for this doctrine are stated by

Theory of prescriptive

burdens on
real estate.

political economists as follows:—When a tax is imposed for a long time on any kind of property it diminishes the selling value, and a purchaser does his best to obtain the property for a price smaller by the capitalised value of the tax. It is argued that he succeeds in this endeavour, and gets his purchase free of tax. The favourite example is the Land Tax. Mr. Mill extends the principle to Rates of long standing. By similar reasoning it applies also to the House Tax, and the minimum Income Tax. But the case of inherited property has also to be considered, in the ancestral estates so common in England. Respecting them it is argued that transmission according to the laws of succession has the same effect as a purchase, and vests the property in the successors, subject to the prescriptive taxes as State rights. This clearly includes the succession duty. Hence it is maintained that all the Real Property of England is, either by purchase or descent, subject to the permanent taxes as “hereditary or prescriptive burdens,” and only the balance of their 12 per cent. is properly taxation.

But also applicable to
personal property.

But when a principle is adopted it ought to be carried out to its legitimate conclusions, and not applied partially. The “hereditary burdens” of Real Property, according to the theory, have just been shown to be the prescriptive taxes of Land

Tax, Rates of old standing, House Tax, minimum Income Tax, and Succession Duty; so that the taxation of Real Property beyond these burdens would be very light. But in the case of realised Personalty the same principles must also be applied. Railway property, like land or houses, is depreciated in value by the same taxes, and by the additional burden of Railway Duty and of Probate and Legacy Duties instead of Succession Duty. Consols and mortgages or other securities are depreciated in value by being sold or inherited subject to Probate and Legacy Duties and minimum Income Tax. Hence Realised Personalty, just like Real Property, is subject to these prescriptive Taxes as "hereditary burdens," and a logical application of Mr. Mill's doctrine must consider them as not taxation at all, but a share in the Personalty reserved by the State. So that the theory, if logically carried out, leaves only a small portion of the 5 per cent. taxation of Personalty to be really taxation, for comparison with that of Realty.

But as to Trade or Personal Incomes also, a similar process must be gone through. Every kind of income is less valuable on account of taxes. If a business is sold, it is sold on the net income; if inherited, it is inherited subject to prescriptive taxes; if newly made, its gains are earned subject

Must also be applied to industrial incomes.

to the obligation of paying the same taxes in return for the protection of the State. These taxes are prescriptive burdens on the income, and, on a logical application of Mr. Mill's theory, are just as much the prescriptive property of the State as market dues are the prescriptive property of a market-owning Corporation.

The theory must be applied to all or none.

Hence, logically and impartially carried out, Mr. Mill's theory of prescriptive burdens applies to every kind of property and income, and not to Real property only. It cannot be applied to Real property only and ignored as regards realized Personalty and personal incomes. It is false logic and false calculation to deduct the prescriptive taxes from the taxation of Real property, and not also to deduct them from that of Personalty and Industry. But if the doctrine is applied to every kind of property and income, it may as well not be applied at all; for it will not prove the lighter taxation of Real property asserted by my opponents.

Prescriptive burdens in France.

A good illustration of the value of Mr. Mill's theory may be found in French taxation. The Real property of France has been heavily taxed from time immemorial, and a pamphlet has lately been written by one of the most eminent French economists to show that its special burdens are lighter now than at any former period. Property

has been bought and descended for generations subject to these prescriptive taxes. There cannot be a clearer case for Mr. Mill's theory. There is not a duke or a peasant in the country who has not come completely within its operation. According to the theory, all these heavy taxes have long since ceased to be taxes at all. Remote ancestors paid them, and not the present Frenchmen. But is it so? Will any French proprietor agree to such a proposition? Would the French peasants tolerate new taxes based upon this theory? It would cause a revolution. Notwithstanding all his buying or inheritance, the French peasant really pays heavy taxes, and bitterly feels them. Mr. Mill's theory breaks down completely.

But the theory itself is in a great degree fallacious. Taxes are in their nature distinct and different from Property. The State says to a taxpayer, "So long as the Legislature continues the obligation, you shall pay towards the public service a certain portion of your property or income." The State reserves the power to grant, and the taxpayer the right to ask, relief from the tax whenever it can be proved that the public service or justice to the taxpayer no longer require it. A tax is essentially revocable and relievable. There is always a residuary estate vested in the taxpayer. To claim this residue as the property of the State is a violation of the conditions of its imposition.

The theory fallacious : a tax is always revocable.

Taxes imposed
to meet a par-
ticular lia-
bility.

Besides, taxes on property are imposed for an express purpose, and to meet a particular liability on that property. They are the *quota* which the property is to pay for the State's protection. It would be a monstrous breach of faith for the State to say "True, these payments were imposed as taxes, but after a certain number of years I claim them as property and assert the right to reassess you." The State has nothing to do with the bargains of private owners, and no settlement of prices between them can affect the basis on which the taxes were imposed, or change their character or nature. Still less can descent from father to son have that effect. Taxes remain taxes so long as they are levied out of Property. The French peasant, equally with the English land or house owner, pays his prescriptive taxes as the full taxes due in respect of his property for State guardianship. To declare them State property and add new ones he would feel to be gross injustice.

Taxes not
fully deducted
on sales.

Again, it is not true in practice, as assumed in theory, that a purchaser gets a full deduction for the capitalised value of the taxes. The selling price is determined by the supply and demand of the moment, and is constantly higher or lower than an actuary's calculation of the real value. Where there is great competition for property, the purchaser gets no deduction at all, but has to bear

the full annual amount of the tax as completely as the first taxed owner. This is very commonly the case in sales of land, both in Continental countries and in England, when the price goes up to a large number of years' purchase. It follows that on the average of purchases, only a portion of the tax is compensated for by reduction of price, and that purchasers obtain only a mitigation of their burden.

Lastly, there is a peculiar difficulty in making the theory attach to Rates. A prescriptive burden requires a tax of invariable amount and steady in its incidence. But Rates are particularly variable in amount, and of uncertain incidence: Where Rents are above rackrent they fall chiefly upon the Owner; where below rackrent, upon the Occupier. The incidence may vary in the same property from one year to another. How can we fix a "prescriptive burden" on either class of taxpayer?

Rates too uncertain in amount and incidence.

Such are some of the difficulties of Mr. Mill's doctrine of hereditary or prescriptive burdens. It is a theory that has exercised great influence over the public mind and forms the basis of many political and economical treatises. It is one of the corner stones of Mr. Goschen's principal conclusions. If true, it would make the most important differences, to the amount of millions

Conclusion.

sterling, in the imposition and relief of taxation. It is essential to discuss and understand its bearings. But the discussion leads us to the following conclusions:—

1. Taxes on Property and Income do not by any length of time, or by any sales or devolutions of the property or income, cease to be Taxation, and becomes the reserved property of the State.

They always remain revocable taxes, paid in return for State protection.

2. Purchasers of taxed Property or Income of whatever kind, obtain usually a diminution of the price on account of the tax, varying on each occasion of purchase, and giving on the average a mitigation of the burden.

3. But this mitigation of burden occurs only on sales, and is very unequal in amount and partial in operation, so that it is not practically felt by the Taxpayer, and cannot be practically allowed for in estimates of Taxation.

APPENDIX.

I.

THE following correspondence took place respecting two mistakes in Mr. Goschen's Report, which I had pointed out in my speech at Norwich. A correspondent of the "Times" had objected to my corrections, but had been misled by a clerical error as to the year in question. The letter of Mr. Goschen shows that both the Blue Book and reprint of his Report are in error in the pages named. The errors and corrections do not bear sufficiently upon the argument of the Report and my answer to need insertion in the body of this work, but they may be useful to those who refer to the Report hereafter.

LOCAL TAXATION.

To the Editor of the "Times."

SIR,—Your correspondent "H.N." has been led astray by a clerical error in the short report of my speech at Norwich, in which I spoke of the poor rate of 1838, not 1868, in the passage he has quoted. The context makes this sufficiently apparent.

Mr. Goschen's mistake was a multiple one. First, he assumed at page 20 of his Report, in March, 1871,

that the proportion of land to total rateable value was the same as in the Income Tax—viz., 33 per cent. Next, when Mr. Hibbert, in August, 1871, printed the return 417, moved for by Mr. Goschen himself, of the rateable value for the year ending Lady Day, 1870, Mr. Goschen failed to observe that in that return lands were 37·8 per cent. of the total rateable value, instead of 33 per cent.; and to correct his Report by the substitution of £3,945,000 as the corresponding proportion of the total rates of £10,439,000, instead of his erroneous figure £3,466,000.

But further, he added, a still more palpable mistake by inserting in the same page £8,603,000 as the poor rates of 1838, when his own table, at page 69 of the same Report, gave the figure for that year as £5,186,389. And, finally, Mr. Goschen republished his Report in November, 1872, with a preface which set forth that “he had caused all the statements which are here reprinted to be carefully revised,” but without any correction of these errors. So that both Report and book print the following erroneous couplet:—

“Poor rates increased between 1838 and 1868, from £8,607,000 to £10,439,000. The share borne by lands decreased (between the same years) from £5,435,000, to £3,466,000.”

Whereas they ought to have stood thus corrected:—

“Poor rates increased between 1838 and 1868 from £5,186,000 to £10,439,000. The share borne by lands increased (between the same years) from £2,700,000 to £3,945,000.”

A difference of result which makes a most wonderful difference to the argument.

I hope shortly to print the speech in question, with additions pointing out not only this but several other very important errors of omission and commission in Mr. Goschen's report, a report which is drawn up with such great ability, and which advocates such important conclusions.

Yours faithfully,

R. DUDLEY BAXTER.

Hampstead, October 7.

To the Editor of the Times.

Sir,—With reference to Mr. Dudley Baxter's letter in the *Times* of the 10th instant, will you allow me to point out that in the passage quoted from my report on Local Taxation there is an obvious misprint, "1838" having been printed, instead of "1833?" The figures given are the correct figures for 1833, as appears by the table to which Mr. Baxter refers, and the words "looking further back than 1861 to 1826-33," which introduce the comparative statement, make it clear at once, when combined with an examination of the table, that 1838 had been printed for 1833 by mistake. It can scarcely cause surprise that in a volume containing so many figures a printer's error may escape even a very careful revision.

The year 1833 was selected for the comparison because *data* existed for ascertaining the proportions in that year of the poor rate borne by lands and other property respectively. No such *data* existed for the year 1838.

As regards the proportions borne by lands and other

property in 1868, I avowedly gave an estimate only, and showed the process by which I arrived at the general conclusion that "lands" bore 33·20 per cent. of the poor rate in that year, and I pointedly added—

"Whether the proportion of 33·20 per cent. indicated by the analogy of the Income Tax Returns be absolutely correct or not, and whether the precise amount of the total poor rate in 1868 borne by lands alone was £3,466,000 or somewhat more or less, it is certain from all the *data* which have been submitted that the progress in the burdens on land for local purposes has not been, as has been constantly asserted, greater than the increase in their value, but, on the contrary, considerably less."

The Parliamentary Return subsequently obtained shows that the proportion for 1870 was 37·80, as compared with my estimate of 33·20. Substituting the proportion of 37·80 for 33·20, the comparison will be as follows:—Poor rates *increased* between 1833 and 1868 from £8,607,000 to £10,439,000; the share borne by land *decreased* between 1833 and 1868 from £5,435,000 to £3,945,000.

Whether these figures bear out the general drift of my argument I leave your readers to judge.

I have only to add that in re-publishing my report I did not profess to avail myself of any new materials or later returns, nor had I leisure to do so. The figures in the statements reprinted were carefully revised, but, as was stated in the preface, the corrections were mainly clerical.

I have the honour to be your obedient servant,

Oct. 12.

GEORGE J. GOSCHEN.

In reply, I wrote to the *Times*, that—

“This explanation by Mr. Goschen, that he quoted the poor rate, and meant to have quoted the year, of 1833, not 1838, for comparison with our present poor rates, obliges me to point out that this correction lays bare another and more important error in his report. The year 1838 was a fair and proper year for comparison with a view to legislation, since it was an early year of the reformed expenditure of the new Poor Law. The year 1833, which was the last year of the excessive and pauperizing expenditure of the old Poor Law, is an unfair year to select for such a comparison;”

and continued the letter with the second paragraph of page 34 of this reprint.

II.

THE following letter was addressed by Sir R. R. Torrens to the *Standard* in answer to Letter IV. It will be seen, that Sir R. Torrens' principal argument, expressed in the last paragraph, is the doctrine of Mr. Mill respecting Hereditary burdens, which I have answered in Letter V.

It is not practicable to obtain any return of Fee-simple property and its taxes, as distinguished from Copyhold and Leasehold, nor would such a return be of practical utility. Fee-simple has for more than two

centuries been dissociated from knight service, and is on a par with other Rateable property.

TAXATION OF REALTY AND PERSONALTY.

To the Editor of the Standard.

Sir,—The very able letter of Mr. Dudley Baxter, which appeared in your paper of the 19th, contains the following paragraph :—“ I ask Sir Robert Torrens to examine whether it (his, Mr. B.’s argument upon the above question) does not afford an answer to his speech at Cambridge, which stated very ably the Liberal doctrine, that probate and legacy duty afford a rough and ready counterpoise and make-weight to the rates on realty ; but this is a mistake, since in Imperial taxation alone, real property is as heavily burdened as personalty, and bears the rates besides.”

Thus called upon, I trust you will afford me space for a brief reply.

Assuming, as I do with perfect confidence, on the authority of Mr. Baxter, the general accuracy of his figures, my reply must, nevertheless, be in the negative, and for the following reasons :—

Mr. Baxter’s tables of comparison blend together “ realty ” (that is fee simple estate) and “ personalty,” which includes leasehold interests, and especially leaseholds of house property, the burdens on which, whether in the shape of Imperial taxes or rates, are borne by all classes, and, therefore, these tables can afford no answer to the case put by me on the occasion referred to. My argument was that, as upon transmission by will or

upon intestacy a heavy tax in the form of probate, legacy, or succession duty, was imposed upon personalty, from which fee simple is exempt (a fact distinctly recognised in Mr. Baxter's figures), this should be borne in mind whenever the adjustment of local and Imperial taxation is under consideration.

My remarks upon this question were necessarily very brief, called forth by the argument of the member for Dorsetshire, Mr. Sturt, at the Dorset agricultural dinner, that "every man who had £1,000 per annum on loan in the Funds was bound to pay his share towards the maintenance of the poor of this country."

"Fee simple estate," whether acquired by purchase or inheritance, has not come into the hands of the present owners or those of their predecessors for many generations free from obligations and public burdens; and if the owner of a "Knight's fee" is no longer called upon to furnish man and horse, armed cap-a-pie, it is because that obligation, like the tithe, has been commuted for a money payment; and, as I recently heard it remarked at the Devon agricultural dinner, by a shrewd farmer, in reply to Sir Lawrence Palk, "these rates do not belong to the landlord any more than the tithe. They belong to the poor of the parish, and if they be made a present to the landlord the amount we now pay in the form of rates will be added on to the rent. I do not see how our class any more than the rest of the community are to be benefited by that. On the contrary, the money would have to be raised by Imperial taxes, to which we should be forced to contribute like other people."

If Mr. Dudley Baxter can so tabulate his figures as to show that existing rates, exclusive of locally remunerating rates for roads, &c., constitute a charge upon the value to which fee simple estate has attained at the present day, exceeding that which the like burdens imposed upon fee simple estate—say a hundred years ago; and further, that the difference is not adequately counterpoised by exemption from Imperial taxes on transmission to which personalty is subject, then, but not till then, will his figures furnish an answer to my speech at Cambridge.

Faithfully yours,

Holm, Ashburton, Jan. 22.

R. R. TORRENS.

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